

Amidst Chaos of War, a New Report Exposes the Stealth Take-over of Ukrainian Agricultural Land

By [Eve Devillers](#), [Frederic Mousseau](#), and [Oakland Institute](#)

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One year after the Russian invasion of Ukraine, a new report from the Oakland Institute, [War and Theft: The Takeover of Ukraine's Agricultural Land](#), exposes the financial interests and the dynamics at play leading to further concentration of land and finance.

“Despite being at the center of news cycle and international policy, little attention has gone to the core of the conflict — who controls the agricultural land in the country known as the breadbasket of Europe. Answer to this question is paramount to understanding the major stakes in the war,” said Frédéric Mousseau, Oakland Institute's Policy Director and co-author of the report.

The total amount of land controlled by oligarchs, corrupt individuals, and large agribusinesses is over nine million hectares — exceeding 28 percent of Ukraine's arable land. The largest landholders are a mix of Ukrainian oligarchs and foreign interests — mostly European and North American as well as the sovereign fund of Saudi Arabia. Prominent US pension funds, foundations, and university endowments are invested through NCH Capital, a US-based private equity fund.

Several agribusinesses, still largely controlled by oligarchs, have opened up to Western banks and investment funds — including prominent ones such as Kopernik, BNP, or Vanguard — who now control part of their shares. Most of the large landholders are substantially indebted to Western funds and institutions, notably the European Bank for Reconstruction and Development (EBRD) and the World Bank.

Western financing to Ukraine in recent years has been tied to a drastic structural adjustment program that has required austerity and privatization measures, including the creation of a land market for the sale of agricultural land. President Zelenskyy put the land reform into law in 2020 against the will of the vast majority of the population who feared it would exacerbate corruption and reinforce control by powerful interests in the agricultural

sector. Findings of the report concur with these concerns. While large landholders are securing massive financing from Western financial institutions, Ukrainian farmers — essential for ensuring domestic food supply — receive virtually no support. With the land market in place, amidst high economic stress and war, this difference of treatment will lead to more land consolidation by large agribusinesses.

The report also sounds the alarm that Ukraine’s crippling debt is being used as a leverage by the financial institutions to drive post-war reconstruction towards further privatization and liberalization reforms in several sectors, including agriculture.

“This is a lose-lose situation for Ukrainians. While they are dying to defend their land, financial institutions are insidiously supporting the consolidation of farmland by oligarchs and Western financial interests. At a time when the country faces the horrors of the war, the government and Western institutions must listen to the calls made by the Ukrainian civil society, academics, and farmers to suspend the land law and all land transactions. The necessity to prioritize an agricultural model no longer dominated by oligarchy and corruption, where land and resources are controlled by and benefit all Ukrainians, is the way forward for post war reconstruction,” Mousseau concluded.

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Featured image: View of the wheat field during the harvesting season near Krasne village, Ukraine July 5, 2019 © FAO / Anatolii Stepanov

Annex: War and Theft: The Takeover of Ukraine’s Agricultural Land

By Frédéric Mousseau and Eve Devillers, The Oakland Institute

Executive Summary

The war in Ukraine has been at the center stage of foreign policy and media reports since February 2022. Little attention, however, has been given to a major issue, which is at the core of the conflict – who controls the agricultural land in the country known as the “breadbasket of Europe?”

This report addresses this gap – identifying the interests controlling Ukraine’s agricultural land and presenting an analysis of the dynamics at play around land tenure in the country. This includes the highly controversial land reform that took place in 2021 as part of the structural adjustment program initiated under the auspices of Western financial institutions, after the installation of a pro-European Union (EU) government following the Maidan Revolution in 2014.

With 33 million hectares of arable land, Ukraine has large swaths of the most fertile farmland in the world.¹ Misguided privatization and corrupt governance since the early 1990s have concentrated land in the hands of a new oligarchic class. Around 4.3 million hectares are under large-scale agriculture, with the bulk, three million hectares, in the

hands of just a dozen large agribusiness firms.² In addition, according to the government, about five million hectares – the size of two Crimea – have been “stolen” by private interests from the state of Ukraine.³ The total amount of land controlled by oligarchs, corrupt individuals, and large agribusinesses is thus over nine million hectares, exceeding 28 percent of the country’s arable land. The rest is used by over eight million Ukrainian farmers.⁴

The largest landholders are a mix of oligarchs and a variety of foreign interests – mostly European and North American, including a US-based private equity fund and the sovereign fund of Saudi Arabia. All but one of the ten largest landholding firms are registered overseas, mainly in tax havens such as Cyprus or Luxembourg. Even when run and still largely controlled by an oligarch founder, a number of firms have gone public with Western banks and investment funds now controlling a significant amount of their shares.

The report identifies many prominent investors, including Vanguard Group, Kopernik Global Investors, BNP Asset Management Holding, Goldman Sachs-owned NN Investment Partners Holdings, and Norges Bank Investment Management, which manages Norway’s sovereign wealth fund. A number of large US pension funds, foundations, and university endowments are also invested in Ukrainian land through NCH Capital – a US-based private equity fund, which is the fifth largest landholder in the country.

Most of these firms are substantially indebted to Western financial institutions, in particular the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), and the International Finance Corporation (IFC) – the private sector arm of the World Bank. Together, these institutions have been major lenders to Ukrainian agribusinesses, with close to US\$1.7 billion lent to just six of Ukraine’s largest landholding firms in recent years. Other key lenders are a mix of mainly European and North American financial institutions, both public and private. Not only does this debt give creditors financial stakes in the operation of the agribusinesses, but also confers a significant level of leverage over them. This was evidenced by the debt restructuring of UkrLandFarming, one of Ukraine’s largest landholders, which involved creditors including the Export-Import agencies of the US, Canada, and Denmark, among others, and led to important organizational changes including layoffs of thousands of workers.

This international financing directly benefits oligarchs, several of whom face accusations of fraud and corrupt dealings, as well as the foreign funds and firms associated as shareholders or creditors. Meanwhile, Ukrainian farmers have had to operate with limited amounts of land and financing, and many are now on the verge of poverty. Data shows that these farmers receive virtually no support compared to agribusinesses and oligarchs.⁵ The Partial Credit Guarantee Fund established by the World Bank to support small farmers is only US\$5.4 million, a negligible amount compared to the billions channeled to large agribusinesses.⁶

In recent years, Western countries and institutions have provided massive military and economic assistance to Ukraine, which became the top recipient of US foreign aid – marking the first time since the Marshall Plan that a European country holds this top spot.⁷ As of December 2022, less than one year into the war, the US has allocated over US\$113 billion to Ukraine, including US\$65 billion of military aid,⁸ which is more than the entire budget of the State Department and USAID globally (US\$58 billion).⁹

The report details how Western aid has been conditioned to a drastic structural adjustment program, which includes austerity measures, cuts in social safety nets, and the privatization of key sectors of the economy. A central condition has been the creation of a land market, put into law in 2020 under President Zelenskyy, despite opposition from a majority of Ukrainians fearing that it will exacerbate corruption in the agricultural sector and reinforce its control by powerful interests.

The findings of the report validate this concern, showing that the creation of a land market will likely further increase the amount of agricultural land in the hands of oligarchs and large agribusiness firms. The latter have already started expanding their access to land. Kernel has announced plans to increase its land bank to 700,000 hectares – up from 506,000 hectares in 2021.¹⁰ Similarly, MHP, which currently controls 360,000 hectares of land, seeks to expand its holdings to 550,000 hectares.¹¹ MHP is also reportedly circumventing restrictions on the purchase of land by asking its employees to buy land and lease it to the company.¹²

Additionally, by supporting large agribusinesses, international financial institutions are in effect subsidizing the concentration of land and an industrial model of agriculture based on the intensive use of synthetic inputs, fossil fuels, and large-scale monocropping – long shown to be environmentally and socially destructive.¹³ By contrast, small scale farmers in Ukraine demonstrate resilience and a great potential for leading the expansion of a different production model based on agroecology, environmental sustainability, and the production of healthy food.¹⁴ It is Ukraine's small and medium-sized farmers who guarantee the country's food security whereas large agribusinesses are geared towards export markets.

In December 2022, a coalition of farmers, academics, and NGOs called on the Ukrainian government to suspend the 2020 land reform law and all market transactions of land during the war and post-war period, “in order to guarantee the national security and preservation of territorial integrity of the country in wartime and post-war reconstruction period.”¹⁵ As explained by Prof. Olena Borodina of the National Academy of Sciences of Ukraine (NASU), “Today, thousands of rural boys and girls, farmers, are fighting and dying in the war. They have lost everything. The processes of free land sale and purchase are increasingly liberalized and advertised. This really threatens the rights of Ukrainians to their land, for which they give their lives.”¹⁶

At a time of tremendous suffering and displacement, wherein countless lives have been lost and massive financial resources spent for the control of Ukraine, this report raises major concerns about the future of land and food production in the country, which is likely to become more consolidated and controlled by oligarchs and foreign interests.

These concerns are exacerbated by Ukraine's staggering and growing foreign debt, contracted at the expense of the population's living conditions as a result of the measures required under the structural adjustment program. Ukraine is now the world's third-largest debtor to the International Monetary Fund (IMF)¹⁷ and its crippling debt burden will likely result in additional pressure from its creditors, bondholders, and international financial institutions on how post-war reconstruction – estimated to cost US\$750 billion – should happen.¹⁸ These powerful actors have already been explicit that they will use their leverage to further privatize the country's public sector and liberalize its agriculture.¹⁹

The end of the war should be the moment and opportunity for just the opposite, i.e. the redesign of an economic model no longer dominated by oligarchy and corruption, but where

land and resources are controlled by and benefit all Ukrainians. This could form the basis for the transformation of the agricultural sector to make it more democratic and environmentally and socially sustainable. International policy and financial support should be geared towards this transformation, to benefit people and farmers rather than oligarchs and foreign financial interests.

Introduction

Ukraine has been at the center stage of foreign policy and media reports since the February 2022 Russian invasion, which has led to widespread destruction and tragic loss of lives. The country has been able to resist and push back on much of the Russian war efforts, largely due to the massive military and economic assistance from Europe and the US. In 2022, Ukraine became the top recipient of US foreign aid – marking the first time since the Marshall Plan that a European country holds this top spot.²⁰ As of December 2022, less than one year into the war, US assistance alone amounted to over US\$113 billion,²¹ nearly twice the entire budget of the State Department and USAID globally (US\$58 billion).²²

The war is seen by many as a threat to global food security given the importance of both Ukraine and Russia as major exporters of food and fertilizers. Though the rise in global food prices in 2022 was to a large extent due to speculation in world markets,²³ concerns revolved around the fact that both countries are major food exporters, especially to a number of food deficit countries in the Global South. This led to the Black Sea Grain Initiative, an agreement signed in July 2022 under the auspices of the United Nations, which has permitted substantial food exports from the region to continue.²⁴

Ukraine has large swaths of the most fertile farmland in the world. Known for its rich, black soil, it has 41 million hectares of agricultural land, 33 million hectares of which are arable – equivalent to one-third of all arable land in the European Union.²⁵ Despite the concerns around food supply and constant monitoring of the fighting, little attention has gone to the issue at the core of the conflict – who actually controls the agricultural land in the country known as the “breadbasket of Europe?” This question is paramount to fully understand some of the major stakes in this war.

This report intends to answer this question. It first identifies the interests controlling agricultural land in Ukraine and then analyzes the dynamics at play around land tenure in recent years in the country. This includes the land reform in 2021 – a part of the structural adjustment program designed under the auspices of Western financial institutions. The report then analyzes the activities, agenda, and priorities of these institutions – increasingly involved in the financing of Ukrainian agriculture – as well as the impact of the war on landholding in the country.

[Click here to read the full report.](#)

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